Headquarters U.S. Air Force

Integrity - Service - Excellence

AFMS Council

8 Jul 04

1430-1530

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Agenda

- **FY04 & FY05 Issues – Col Sager** **45 Min**
- **FY 06-11 POM Offset Review – Mr. Gooding** **15 Min**

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High Cost Drug Policy Changes

Col Marc Sager

AFMSA/CV

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- **Purpose: Provide AFMS Council with recommendation for executing AFMS budget to end of fiscal year**
  - **Classification: Unclassified**
  - **Type: Decision**
  - **Length of Briefing: 15 minutes**
  - **Briefer: Col Marc Sager, AFMSA/CV, DSN 297-4014, marc.sager@pentagon.af.mil**

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Overview

- Situation
- Options Considered
- Option Chosen
- Recommendation

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Situation / Options Considered

- **Situation**
  - **Estimated $7.5M deficit due to PBD actions**
- **Options Considered to Bridge Gap**
  - **30 day scripts**
  - **Eliminate Space-A visits**
  - **Drop high dollar pharmacy items**
  - **Decrease elective surgeries**

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Options Considered

- 30 Day Scripts
  - No real savings / increases workload / increases material costs
  - People return after thirty day to refill again
  - A possible route to go in Sept 04 only
- Decrease elective surgeries
  - Affects workload data
  - May affect currency for physicians
- Eliminate Space-A visits by non-enrollees
  - For every over-65 patient not seen, may lose accrual dollars
  - Under PPS, actions of current FY will influence budget levels for next FY
  - Fixed costs remain; 70-80% of total cost

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Option Group Chose

- **Drop High-Dollar Pharmacy Items from MTF Formularies**
  - **Non-sedating antihistamines (NSAs) and Cox-2 inhibitors**
    - **Ex: If 80% of high-dollar NSAs convert to lower cost loratidine - estimated savings $4.9M**
  - **Navy executing similar strategy already**
  - **Certain large Army MTFs executing similar strategy**
  - **Would derive maximum benefit if executed AFMS-wide**

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Recommendation

- **Sign policy letter to ensure uniform execution throughout AFMS**

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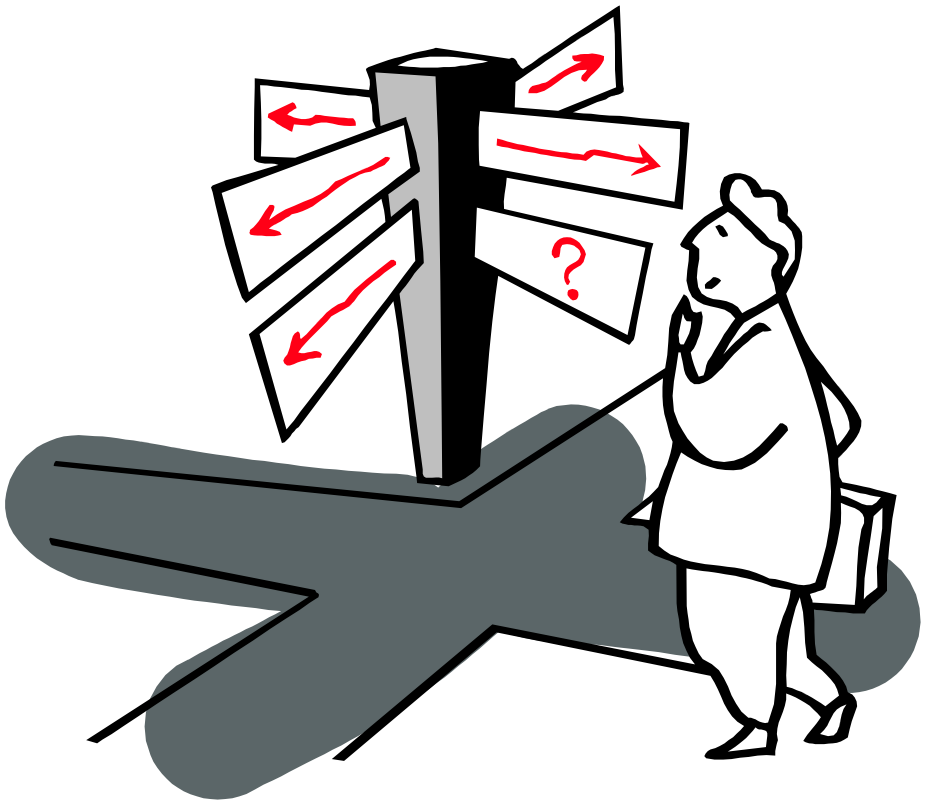
Questions, Comments, & Conclusions



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TPC/MSA Central Contract

Col Marc Sager

AFMSA/CV

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TPC/MSA Contract

- **Purpose: Establish and implement centralized TPC/MSA CIV ER contract to facilitate and support limited front-end and majority of back-end revenue cycle operations.**
  - **Classification: Unclassified**
  - **Type: Decision**
  - **Length of Briefing: 15 min**
  - **Briefer: Col Marc Sager, AFMSA/CV, DSN 297-4014, marc.sager@pentagon.af.mil**

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Overview

- Revenue Cycle & GAO Report
- Concept
- Current operations
- Transition
- How much does it cost?
- Advantages
- Recommendation

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Revenue Cycle & GAO

- **AFMS Patient Accounting Revenue Cycle -- MHS Model**
  - **Data quality THE central activity - facilitates direction**
  - **Front-end CRITICAL to back-end success**
  - **Backend not a core competency for the AFMS or DoD**
    - **Congress directed GAO to review DoD TPCP**
    - **GAO illustrated the DoD failed to collect $44 million**
      - AF, $15.7M annually
      - Army, $24.9M annually
      - Navy, $3.4M annually
- **Necessitates outsourcing of a professional and competent healthcare revenue cycle management company**
- **AFMS can be the model for all DoD**

Concept

- Single contract/multiple award; Set-aside for Small Business
- TPOCS Server Consolidation, 2 Hubs, and MTF billing
- Contracts will support and facilitate Third Party Collections (TPC) and Medical Service Account (MSA) Civilian Emergency billing.
  - Facilitate other health insurance (OHI) collection; 56% compliant as of 1 May 04
  - Coders, nursing, and legal support staff
  - Support for claims submissions, accounts follow-up (A/R), denials and appeals management
- Performance measured against 22 key performance indicators (KPIs)—unprecedented using civilian practice standards
- Contract Managers will partner with AF Uniformed Business Office (UBO) Program Manager- assures competency through AF awareness of current civilian industry practices and trends

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Current Operations

- UBO operations not “uniform”—aligns with Bearingpoint findings
- 11 contractors in place supporting 52 MTFs—no standardization
  - Fixed firm price contracts—no incentive, paid regardless
  - Performance-based contracts
  - Amortized contracts costs to collections— 44 cents/$1.00
  - MTF costs as of 30 Apr— 6 cents/$1.00
- Overseas billing waiver expired
  - Mr. Ford will renew contingent on central contract
  - Absorbed into current TPOCS platform
- No central management of TPOCS Servers
  - Servers down for months at a time
  - Updates/software releases not loaded
  - AF Communications Security violations

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Transition

- **Award 1 Oct 04, training 15 Oct, claims processing 30 Oct**
- **Contract implemented in three phases.**
  - **1st – MTFs, no contract; MTFs w/ contracts expiring 30 Sep**
  - **2nd – MTFs under contract w/ expiration beyond 30 Sep**
  - **3rd – Remainder of OCONUS MTFs**
- **Estimate 50 MTFs can transition during the first phase**
- **SGSR and SSG/MIR finalizing transition plan**
  - **1 Oct begins transition; least collections, CHCS supporting software updates, etc.**
  - **Downtime, no more than 30 days, minimal impact**

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How Much Does It Cost?

- **$300K startup pays for – provided by BGen Green, 59MDW/CC**
  - **Training for systems administration and TPOCS/CHCS billing**
  - **TPOCS server and database consolidation**
  - **Server racks, other outfitting for voice and data communications**
- **Government risk for central contract - $7.25M est.**
  - **Paid through collections based on performance**
  - **15% of 1st year target - $48M (MTF estimates)**
  - **Includes VA processing**

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Regional Contract Advantages

- **Overhead reduced; creates standardization—eliminates redundancy**
- **Increased collections, $305M over five years**
- **Combined AFMS and Contract influence in UBO operations**
- **Improved OHI compliance – GAO sensitive**
- **Increased visibility of a vital program; increased emphasis at MAJCOM and MTF senior leadership**
- **Strengthens critical link between front and back-ends of the revenue cycle.**
- **Closely mirrors commercial billing practices**
- **MTFs can concentrate on Medical Affirmative Claims and MSA interagency billing**

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Recommendation

- **Support the AFMS Group's recommendation**
- **Approve Central TPC/MSA initiative for a 1 Oct award**

QUESTIONS

Link to Back-up Slides

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AF/SG TELEPHONY MODERNIZATION

Col Marc M. Sager
HQ AFMSA/CV

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Telephony Prioritization & Funding

- **Purpose: Obtain approval to move ahead with proposed prioritization and funding of telephony projects throughout AFMS**
  - **Classification: Unclassified**
  - **Type: Decision**
  - **Length of Briefing: 15 min**
  - **Briefer: Col Marc Sager, AFMSA/CV, DSN 297-4014, marc.sager@pentagon.af.mil**

Drivers

- **Antiquated & Failing Telephone Infrastructure**
- **Unable to meet OASD(HA) Metrics and Industry Appointing Standards**
- **Telephone Appointing: #1 Patient Complaint**
- **Need for metrics reporting capability on MTF appointment call-center effectiveness**

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Deployment Sequence

- MAJCOMS provided Deployment Sequence List (based on site technical criticality)
  - Allowed to change sequences based on external factors unrelated to criticality (TNEX, local issues, etc)
- Deployment sequence approved by MAJCOMs and T-NEX IPT; AFMS Group

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Financing Plan

- **OP-WG identified $2.4M in available funds (FY04 existing programs) to support TELMOD using a Borrower/Lender Analysis**
  - **CITS/LM effort will lend $1.8M**
  - **$0.6M from FY02 unliquidated funds**
  - **Med Equip restores $1.4M to CITS-LM in FY05**
  - **MISM restores $0.4M to CITS-LM in FY05**
- **OP-WG will assess OP programs annually**

Risks

- OP is fenced appropriation
  - Efforts to increase top line have proven difficult
- $1.4M “payback” from Med Equip to CITS-LM does not include FY’05 requirement
  - Currently $47.5M Medical equip beyond life expectancy
- PACS deployment has already slipped 1 yr to right due to PBD 041 reductions
- Reductions in MSIM will push that vital program to the “right” as well

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Recommendation

- **AFMS Council approve Telephony prioritization and funding plan**

Telephony Upgrade & Modernization (TELMOD)

(I)ncrease

BACKGROUND:

Unfunded Program to address MTFs, GAO, IGCE identified telephony #1 patient complaint to access and method to make appointment. MTF Call abandonment rate 22-36 % (civilian <2%). Appointing: make or break service for day to day MTF business; entry point to product lines. Upgrades required to position MTFs for success under T-NEX.

ADJUSTMENT:

Fund high risk (risk tolerance threshold and above) sites with FY04 adjustment by borrowing from CITS in FY04.

Purchase telephony equipment (switches and automated call directors) IAW approved, prioritized deployment plan/schedule, in support of T-NEX implementation.

$M04A1P101AY	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
CURRENT PRG	$ 1.2		$ -	$ -	$ -	$ -	$ -	$ -
ADJUSTMENT	*$ 2.4*	*3.8*	*$ 6.0*	*$ 6.0*	*$ 6.0*	*$ 4.7*	*$ 4.7*	*$ 4.7*
REV PGM TOTAL	**$ 3.6**	**3.8**	**$ 6.0**	**$ 6.0**	**$ 6.0**	**$ 4.7**	**$ 4.7**	**$ 4.7**

IMPACTS:

- **$6.2M in high risk sites identified by risk tolerance threshold model. With FY04 funding increase, there will be a residual requirement of $3.8M in high risk sites to fund using a similar process to identify best candidates for lending and underwriting in FY05.**
- **Risk & criticality assessment for each site will be updated annually. As equipment ages, technology evolves, and standards change, program assumptions for the outyears (06-11) will be based on site movement above the risk tolerance threshold level (40 and up). 06-11 requirements in this slide based on completion by FY11 as stated in AFMS POM build briefing (but will need to be slipped further to the right assuming overguidance not obtained)**
- Every MTF prioritized by standardized, modular, upgradeable capabilities package
- Vital to meet MHS telephone access standards; improve patients' ease of making appointments by phone
- If not funded: Continued patient frustration with telephone appointing; no standardized

Medical Information Technology Transition – Last Mile
CITS/MITT-LM Program (Temporary Offset to Telephony)

BACKGROUND:

This program provides for the program management, engineering, design, and installation of AF CITS (Combat Information Transport System) generated last mile design. Provides for the standard architecture to connect AF medical data networks to Base networks. Closes medical network backdoors. **Fulfills SECAF mandate**.

ADJUSTMENT:

Program received a lump sum funding for start-up and to provide a standard design and architecture at 18 test sites. Adjustment required to deploy the **AF IAC approved design** to the remainder of the AF and finish original sites.

FUNDING (Total):

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
CURRENT PROGRAM	$ 5.5	$ -	$ -	$ -	$ -	$ -
ADJUSTMENT	$ (1.8)	$ 1.8	$ 6.8	$ 8.7	$ -	$ -
REVISED PGM TOTAL	$ 3.7	$ 1.8	$ 6.8	$ 8.7	$ -	$ -

Line Items	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11

MANPOWER	FY04	FY05	FY06	FY07	FY08	FY09	FY10

IMPACTS:

- Project timeline and level of effort for next 12 months following design completion supports lending $1.8M in funds to telephony project for the remainder of FY04. Deferral has no impact on cost or schedule (all the work that would otherwise be completed in FY04 will continue as originally anticipated). Remainder of impact statements support the increases to this program needed in order for the originally stated objectives to be met (as articulated in the POM build)

- Medical data network backdoors will not be closed
- CHCS II long haul network circuits/VPNS will not be supported by AF
- Dedicated medical network electronics will not be installed
- Last mile design will not be implemented
- Effort to consolidate medics under “One AF – One Network” delayed

Medical Systems Infrastructure Modernization (MSIM)

BACKGROUND: (O)ffset (restore CITS-LM funding lent in FY04)

Provides for the materiel (cable and electronics) and labor to install Local Area Network Infrastructure to AFMS facilities. Includes initial outfitting for Military Construction projects.

ADJUSTMENT:

Adjustment accounts life-cycle replacement factors of cable plant and electronics; effect of regulatory requirements (e.g. cable plant removal); and economic inflation affecting labor and materiel across the program cycle

FUNDING (Total):

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
	FY10	FY11				
CURRENT PROGRAM	$ 13.2	$ 14.8	$ 17.7	$ 18.0	$ 14.9	$ 15.2	$ 15.5	$ 15.7
ADJUSTMENT		*$ (0.4)*	*$ 9.8*	*$ 9.6*	*$ 8.5*	*$ 8.2*	*$ 8.0*	*$ 7.8*
REVISED PGM TOTAL	**$ 13.2**	**$ 14.4**	**$ 27.5**	**$ 27.5**	**$ 23.5**	**$ 23.5**	**$ 23.5**	**$ 23.5**

For FY05, the lender analysis conducted by the OP work group indicates MSIM can support schedule slippage of 1 site/year for 12 months (deferral) to provide .4M in funds to support Telephony (by paying back original program that lent the funding in FY04). The OP work group identified an additional $.6M in unliquidated prior year obligations (OP-3yr funds) that can be made available to the Telephony program without further impact to the cost, schedule and performance of the originally anticipated and laid out MSIM LAN upgrade and installation schedule/level of effort.

Lender impact analysis concludes that lending will result in 12 mo slippage for 1 site annually thru program cycle (analysis of historical program/project slippage and projected schedule dependencies indicates slippage will have no mission impact an d minimal impact on cost.
Program Impacts (w/o funding adjustments required in POM 06-11)
- Cannot sustain required network cable infrastructure refresh cycle (10 years) without adjustment
- Cannot sustain required network electronics refresh cycle at rate based on life-expectancy (4 years) without adjustment

AFMS Medical Investment Equipment Program

BACKGROUND:

Investment Equipment includes equipment over $250K. Current program includes equipment replacement and sustainment, initial outfitting ($3M-$6M/yr, $6.2M in FY05), and DMLSS OP requirements ($400K - $800K/yr). Due to the OP threshold change, the AFMS lost $5M in FY04, and anticipates similar reductions in FY05 and beyond. Current program does not include PACS/Teleradiology initial deployments.

ADJUSTMENT:

During the OP programs review to determine funding priorities and resolve high priority telephony program unfunded requirements in FY04, the CITS program loaned telephony $1.8M. In FY05, the CITS program will require reimbursement to continue scheduled deployments. The Medical Investment Equipment program will reimburse the CITS program $1.4M off the top in FY05.

FUNDING ($M):	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
CURRENT PROGRAM	20.4	33.06	53.29	45.18	54.80	43.58
ADJUSTMENT	0	(1.4)	0	0	0	0
REVISED PGM TOTAL	20.4	31.66	53.29	45.18	54.80	43.58

PROCUREMENT	FY04	FY05	FY06	FY07	FY08	FY09

MANPOWER	FY04	FY05	FY06	FY07	FY08	FY09
OFFICER	0	0	0	0	0	0
ENLISTED	0	0	0	0	0	0
CIVILIAN	0	0	0	0	0	0

IMPACTS:

The AFMS currently has $47.5M in medical investment equipment that has exceeded its life expectancy. Reduction of the FY05 program by $1.4M to underwrite the CITS program carries risk, but can be managed with careful planning. Best case for FY05, the MEQ program is beginning with $25.46M, after must-fund initial outfitting and assuming no $5M threshold cut. With the $1.4M off the top of the program the AFMS can still manage to fund the most critical (top 1-2/MAJCOM) requirements across all MAJCOMs without devastating any MAJCOM program. Equipment beyond life expectancy is more expensive to maintain, has increased downtime, and higher risk of catastrophic failure, which increases risk of misdiagnosis or injury to patients.

POC: Mr. Dave Baker, AFMSA/SGS
David.Baker@ft-detrick.af.mil

Questions?

Link to Back-up Slides

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Medical Management

AFMS Council

8 July 2004

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Medical Management

- **Purpose: Brief AFMS Council on Medical Management FY05 Funding Issue**
- **Classification: Unclassified**
- **Type: Decisional**
- **Length of Briefing: 15 min**

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Medical Management Background

- **Under T-Nex:**
  - **MCSC will provide:**
    - **MM for MHS beneficiaries enrolled in the civilian sector**
    - **Medical Necessity/Complete Benefits Reviews**
    - **Transfer of CM (Case Mgt) Patients for MTF and civilian enrolled beneficiaries**
  - **MTFs responsible for MM programs for direct care enrollees**
    - **Must meet interim MM Policy (April 04); (Draft) DoDI**
    - **Minimum requirements: CM (Case Mgt), UM (Utilization Mgt), DP (Discharge Planning), MM Coordinator; specialized skills to perform functions**

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Medical Management Funding Issue

- For FY05/FY06 POM: AFMS Group approved to fund only those MTFs that received MM services from the MCSCs
  - These MTFs provided start up costs in FY04: supplies, equipment, space, computers, etc.
- Funds needed NLT 1 Oct 05 to execute central contract

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Comparison of What Was Funded/Unfunded

Funded: Replace MCSC Level of Effort	**Unfunded: MM for all MTFs**
1 UM per MTF	1 UM per MTF (+1/20,000)
1 CM. per 15,000 enrollees	1 CM per 10,000 enrollees
1 DP per 25+ beds	1 DP per 25 beds
Capabilities	**Capabilities**
Catastrophic CM only	CM, DP, precert, UR, 3rd Party Collection
Limited DP/UM	
Impact if Unfunded	**Impact If Unfunded**
Increased DC & PSC costs	50% of MTFs with inpt beds have no DP
Higher caseloads may negatively impact outcomes	Failed management of high risk, complex, high cost pts
Price: $11.4M	**Price: $18.96M**

Medical Management- Block I

BACKGROUND:

Medical Management (MM) will not be provided in the T-Nex contracts. TMA previously estimated UM and Appointing accounted for $21M in services performed by MCSC personnel. Data call from CONUS facilities identified over 700 MCSC FTEs performing UM tasks for the MTFs. Data scrubbed but difficult to validate accuracy.

ADJUSTMENT:

Costs associated with implementing MM services at MTFs based on industry standard. Varied standards exceed available AF resources so request for MM $ to cover 1/3 resource constraint driven vs. requirement driven.

$M/AUTH/01AE	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
CURRENT PRG	0.57	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ADJUSTMENT		11.42	12.05	12.73		13.44	14.19	
REV PGM	14.99	15.83	11.42	12.05	12.73	13.44		
TOTAL	14.19	14.99	15.83					

PROCUREMENT	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09

MPWR	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
OFF	0	0	0	0	0	0	0	0
ENL	0	0	0	0	0	0	0	0
CIV	0	115	115	115	115	115	115	115

IMPACTS:

- Risk Joint Commission Accreditation from errant discharge planning, utilization review, length of stay, etc.
- Decrease disease/demand management performance
- Continued inadequacy of referral tracking
- Loss of momentum from prime recapture and third party collection
- Failed management of high risk, complex, and high cost patients
- Decreased patient satisfaction
- Increased readmission rates, negated cost containment efforts (multiple referrals/multiple payments)

Lt Col Preston-Leacock
Date: As of 20 Feb 04

Local Support Contracting-Medical Management-Block 1A

ADJUSTMENT: **Costs associated with implementing MM services at MTFs based on industry standard/resource constraints.**

Funding Lines Total					12.05	12.73	13.44	14.19	
PE	**APPN**	**COST**	**PROG**	**OACWSC/BPAC**	**FY2006**	**FY2007**	**FY2008**	**FY2009**	**FY2010**
FY2011									
87700f	3400	57100	ak6000	43000000	**12.05**	**12.73**	**13.44**	**14.19**	
14.99	**15.83**								

	FY2004	**FY2005**	**FY2006**	**FY2007**	**FY2008**	**FY2009**	**FY2010**	**FY2011**
Procurement								

Coordination

Panel Chair: 3080 FM Appn Manager
Panel POC: 3400 FM Appn Manager
Crosscut Panel: 3080 ILSR Functional Mgr
IPT Chief:
ANG/AFR:
Program Element Mtr:
Database Manager:
ZBT Manager:

Medical Management- Block IIB

BACKGROUND:

Medical Management (MM) will not be provided in the T-Nex contracts. TMA previously estimated UM and Appointing accounted for $21M in services performed by MCSC personnel. Data call from CONUS facilities identified over 700 MCSC FTEs performing UM tasks for the MTFs. Data scrubbed but difficult to validate accuracy.

ADJUSTMENT:

Costs associated with implementing MM services at MTFs based on industry standard. Varied standards exceed available AF resources so request for MM services is resource constraint driven vs requirement driven. Includes non-MCSC-reliant MTFs.

$M 04A1P101AE	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
CURRENT PRG	3.0	0.0	0.0	0.0	0.0	0.0	0.0	
ADJUSTMENT		18.96	20.02	21.14		22.32	23.57	
REV PGM	24.89	26.28	18.96	20.02	21.14	22.32		
TOTAL	23.57	24.89	26.28					

PROCUREMENT	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09

MPWR	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	
OFF	0	0	0	0	0	0	0	0	
ENL	0	0	0	0	0	0	0	0	
CIV		191	191	191	191	191		191	191

IMPACTS:

- Risk Joint Commission Accreditation from errant discharge planning, utilization review, length of stay, etc.
- Decrease disease/demand management performance
- Continued inadequacy of referral tracking
- Loss of momentum from prime recapture and third party collection
- Failed management of high risk, complex, and high cost patients
- Decreased patient satisfaction
- Increased readmission rates, negated cost containment efforts (multiple referrals/multiple payments)

Lt Col Preston-Leacock
Date: As of 10 Jun 04

Local Support Contracting-Medical Management-Block IIB

ADJUSTMENT: **Costs associated with implementing UM services at MTFs based on industry standard/resource constraints.**

05R2M268WN

Funding Lines Total	20.02	21.14	22.32	23.57

PE	APPN	COST	PROG	OACWSC/BPAC	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
87700f	3400	57100	ak6000	43000000	**20.02**	**21.14**	**22.32**	**23.57**	**24.89**	**26.29**

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Procurement								

Coordination

Panel Chair: 3080 FM Appn Manager
Panel POC: 3400 FM Appn Manager
Crosscut Panel: 3080 ILSR Functional Mgr
IPT Chief:
ANG/AFR: Database Manager:
Program Element Mtr: ZBT Manager:

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Conclusion

- **Proposal represents bare bones requirements to replace level of effort provided by the MCSC and meet MM DoDI mandates at MTFs**
- **Critical source of revenue: precertifications, Third Party Collections**
- **Essential for cost containment through Discharge Mgt, Utilization Review, Case Mgt**
- **Recommendation: Approve FY05 funding for MM at $11.4M**

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POM Offset Review

Mr. Chet Gooding

Chief, Medical Programming

Alternate AFMS Group Chair

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Paying Internal Bills: $274M AF/SG Review & FY06-11 Bills

CHANGES

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$274M in 05 APOM

$205M for 05 Budget Year

$149M for 06POM

Close Hold – AFMS Internal Working Paper

APOM Adjustments & Program Transfers

Most Dear

Corporate Bills	Amt	Cumulative
Dental Central Contract	2,540	2,540
HAWC Contractors	5,400	7,940
OB Contract Bill	16,300	24,240
HPSP (dental option included)	4,182	28,422
HPSP (Block II Increase)	3,964	32,386
Referral Mgmt Centers	4,520	36,906
MMSO	2,000	38,906
Modernization delta	21,000	59,906
Pt Movement Items	1,530	61,436
HPLRP	7,602	69,038
HPSP (Block III Increase)	3,100	72,138
Referral Mgmt Centers (Block II Increase)	880	73,018
Modernization (Block II Increase)	4,920	77,938
HPLRP (Block II Increase)	2,370	80,308
Referral Mgmt Centers (Block III Increase)	3,260	83,568

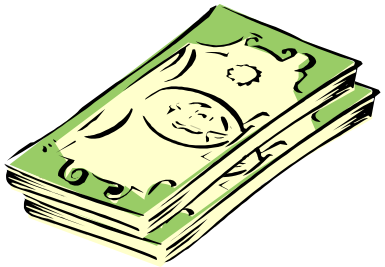
Least Dear

Offsets	Amt	Cumulative
Tradespace	-46,626	-46,626
Block I	-18,800	-65,426
TDY Total	-255	-65,681
Contracts Total	-5,751	-71,432
TDY Total	-1,799	-73,231
IM/IT Total	-1824	-75,055
Supplies Total	-1,402	-76,457
Equipment Total	-2,233	-78,690
IM/IT Total	-689	-79,379
Supplies Total	-4,632	-84,011

Least Dear

Most Dear

POM Adjustments: Offsets, PBD041 Bolling Clinic & SRM



Close Hold – AFMS Internal Working Papers

External Bills

(Figures are in $000's)

	Issue	FY06	FY07	FY08	FY09	FY10	FY11
1	Appointing	12,800	13,312	13,844	14,398	14,974	15,573
2	Utilization Management	18,959	20,021	21,142	22,326	23,576	24,896
3	DODMERB	2,200	2,288	2,380	2,475	2,574	2,677
4	Buckley Pharmacy	6,200	6,448	6,706	6,974	7,253	7,543
*	C-9 Divestiture	22,280	23,171	24,098	25,062	26,064	27,107

*** Line funded issue; being worked through LAF FY06-11 POM**

- **Prioritized by AFMS Group**

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POM Deliberations

- POM submitted
- Success of UFRs foreseen
  - Limited support for Local Support
  - No support for Pharmacy, DoDMERB
- Needed rescrubbed offset drill
  - Recognize part of MTF Efficiency bill that AFMS could pay
  - Include appointing and medical management as bills to be paid

Starting Rank	Revised Rank	Corporate Bills	$126,481	FY06 Increment	FY06 Cumulative	FY07 Increment	FY07 Cumulative
1	1	MTF Efficiencies	$ 92,923	33,558	33,558	92,463	92,463
2	2	Dental Central Contract	$ 90,383	2,540	36,098	2,720	95,183
3	3	HAWC Contractors	$ 84,983	5,400	41,498	6,800	101,983
4	4	OB Contract Bill	$ 68,683	16,300	57,798	23,700	125,683
5	5	HPSP (dental option included)	$ 64,501	4,182	61,980	5,850	131,533
6	6	HPSP (Block II Increase)	$ 60,537	3,964	65,944	5,545	137,078
11	7	Appointing Block I	$ 52,157	8,380	74,324	4,490	141,568
7	8	Referral Mgmt Centers Block I	$ 48,057	4,100	78,424	4,705	146,273
10	9	HPLRP	$ 40,455	7,602	86,026	12,516	158,789
12	10	Medical Management Block I	$ 29,040	11,415	97,441	12,054	170,843
9	11	Pt Movement Items	$ 27,510	1,530	98,971	1,590	172,433
14	12	DoD/MERB	$ 25,310	2,200	101,171	2,266	174,699
19	13	Modernization (Block II Increase)	$ 20,390	4,920	106,091	5,068	179,767
16	14	HPSP (Block III Increase)	$ 17,290	3,100	109,191	4,336	184,103
18	15	Referral Mgmt Centers (Block II Increase)	$ 12,730	4,560	113,751	916	185,019
8	16	Modernization delta	$ (8,270)	21,000	134,751	21,630	206,649
20	17	HPLRP (Block II Increase)	$(10,640)	2,370	137,121	3,902	210,551
23	18	Pt Movemement Items (Block II Increase)	$(13,670)	3,030	140,151	3,121	213,672
22	19	Modernization (Block III Increase)	$(30,150)	16,480	156,631	16,974	230,646
24	20	HPLRP (Block III Increase)	$(32,613)	2,463	159,094	2,537	233,183
25	21	Pt Movement Items (Block III Increase)	$(36,553)	3,940	163,034	4,058	237,241
15	22	Medical Management Block II	$(44,097)	5,062	168,096		237,241
26	23	Medical Management Block III	$(39,035)	2,482	170,578	2,621	239,862
27	24	Pharmacy Block II	$(56,420)	12,323	182,901	14,149	254,011
28	25	OP	$(74,820)	18,400	201,301	20,546	274,557
17	26	Pharmacy (Buckley Only)	$(81,020)	6,200	207,501	7,119	281,676
13		Appointing Block II		0	207,501		281,676
21		Referral Mgmt Centers (Block III Increase)		0	207,501		281,676

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AFMS Group Recommendation

- **Approved List of Bills and offsets**
- **If Local Support dollars provided in POM, revisit list of offsets/bills to determine how best to apply dollars saved**

Headquarters U.S. Air Force

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Impact of Additional Offsets (By MAJCOM)

MAJCOM / Panel	Offsets	Panel Impacted	Incremental Offset
ACC	SRM	Med Support	-2170
ACC Total			-2170
AETC	Contracts	Med Ops	-6397
AETC Total			-6397
AFA	Contracts	Med Support	-158
AFA Total			-158
AFMC	Contracts	Med Ops	-3933
AFMC	Equipment	Med Support	-1030
AFMC	SRM	Med Support	-1388
AFMC Total			-6351
AFSOC	Contracts	Med Ops	-170
AFSOC	Equipment	Med Support	-16
AFSOC	SRM (Block II)	Med Support	-125
AFSOC	SRM (Block III)	Med Support	-19
AFSOC Total			-330
AMC	Contracts	Med Support	-5170
AMC	SRM	Med Support	-1514
AMC Total			-6684
PACAF	SRM (Block II)	Med Support	-1511
PACAF	SRM (Block III)	Med Support	-793
PACAF Total			-2304
USAFE	Equipment	Med Support	-568
USAFE	SRM	Med Support	-180
USAFE Total			-748
Grand Total			**-25142**